PROVINCE OF SASKATCHEWAN

09-10

ANNUAL REPORT

MINISTRY OF HIGHWAYS AND INFRASTRUCTURE

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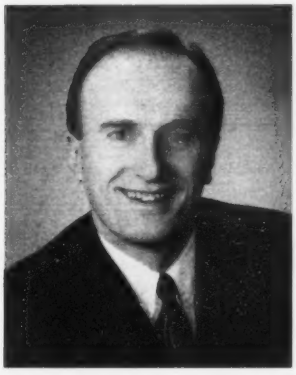
Further information about the Ministry's key programs and this report can also be found online at **www.highways.gov.sk.ca**.

Letters of Transmittal



His Honour, The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor, Province of Saskatchewan

May it please your Honour:

I respectfully submit the Annual Report of the Ministry of Highways and Infrastructure for the fiscal year ending March 31, 2010. This report details the Ministry's alignment with Government direction and Government's commitment to increased accountability along with responsibly managing expenditures.

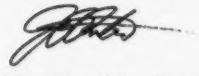
Investing in transportation infrastructure creates value for Saskatchewan people. Saskatchewan's major industries rely on efficient and low-cost transportation services to get products to national and international markets. In addition, Saskatchewan residents depend on the provincial highway network for connection with vital services like health care and education, as well as to connect with other centres for economic and social activities.

The Ministry's 2009-10 expenditures dedicated to highways, roads and transportation infrastructure were 36 per cent greater than the provincial on-road fuel tax revenues. The Ministry's appropriated budget for 2009-10 was $630 million – the largest budget ever. The Ministry also undertook the challenge of delivering an additional $140 million worth of investment onto the market through e federal Infrastructure Stimulus Fund in 2009, to be delivered by March 31, 2011. This investment and the Transportation for Growth Strategy advanced many projects on the Ministry's five-year rolling capital plan.

This past year, the Ministry began work on major projects such as the Regina West Bypass, the St. Louis Bridge replacement and the Yorkton Truck Route supporting industrial growth. The Ministry also continued the twinning of Highway 11 between Saskatoon and Prince Albert. These investments, among others, will increase the efficiency of Saskatchewan's highway network and contribute to the growth, security and promises goals that defined the Government Direction for 2009-10.

In 2009-10, the Ministry directed efforts to both urban and rural municipal needs, while focusing on the efficiency of government investment. To this end, a partnership was developed with the Saskatchewan Association of Rural Municipalities that saw the existing municipal programs offered by the Ministry combined to establish a $46.9 million Municipal Roads for the Economy Program in 2009-10. As well, the Urban Highway Connector Program continued with investments into urban communities, which serve as key collection and interchange points for export-bound products.

Based on these successes, the Ministry will continue to work strategically to improve the provincial transportation system with a focus on sustaining economic growth, enhancing motorist safety and achieving organizational excellence.



Honourable Jim Reiter
Minister of Highways and Infrastructure

Honourable Jim Reiter
Minister of Highways and Infrastructure

Dear Sir:

I have the honour of submitting the Annual Report of the Ministry of Highways and Infrastructure for the fiscal year ended March 31, 2010.

As part of the Transportation for Growth Strategy, the Ministry contributed to Saskatchewan's economic growth through beginning major projects in its Gateway Corridors portfolio, accomplished many highway upgrades through the Rural Highway Strategy and supported safety through the Bridge and Culvert strategy and Stewardship programs. While working towards the Ministry goal of organizational excellence, and ensuring the safety and security of motorists, the Ministry completed 211 km of rural highway corridor upgrades, 340 km of repaving work and work on 13 bridges.

The Ministry's emphasis on new construction technology and techniques was also advanced through work done in partnerships with private industry and the Saskatchewan Centre of Excellence for Transportation and Infrastructure. The Centre continues to undertake a number of projects with private industry and the Ministry. This partnership will assist the Ministry in creating environmentally friendly construction options and advancing operational efficiencies in product delivery.

I assure that this report accurately and reliably details the operational activities, and financial accountability of the Ministry of Highways and Infrastructure.

Rob Penny
Deputy Minister of Highways and Infrastructure

Introduction

The 2009-10 fiscal year was an exciting challenge for the Ministry of Highways and Infrastructure. The Ministry had its largest budget in history and was tasked with delivering the Transportation for Growth Strategy as part of the Province's "Strong and Steady" budget.

The Ministry's focus within the Strong and Steady budget was to assist in "Keeping our Economy Strong." With an increase of $86.7 million from 2008-09 in road and highway work province-wide, the Ministry was taking aim at new projects and ramping up investment in Saskatchewan's transportation infrastructure. The Ministry continued work on major projects such as Highway 11 twinning and the Regina West Bypass, while beginning new ones like replacing the St. Louis Bridge and investing in a new truck route at Yorkton.

Saskatchewan's rural highways and municipal roads received a boost in spending and construction activity twice. First, the Ministry's budget earmarked $100 million for the Rural Highway Strategy and Municipal Roads were given a boost with a $20 million Municipal Road Initiative. Then, near the beginning of the construction season, the Ministry took advantage of the federal government's Infrastructure Stimulus Fund and put an additional 554 km of work worth $140 million on the market to be completed by March 31, 2011.

Looking back at the Ministry's ambitious 2009-10 agenda and how it aligned with Government's growth, security and promises goals, this annual report will highlight the Ministry's contribution to Government's vision. It will identify how the Ministry's building of roads, bridges and a seamless transportation system is creating opportunities and benefits for Saskatchewan people.

Alignment with Government's Direction

Our Government's Vision

A secure and prosperous Saskatchewan, leading the country in economic and population growth, while providing a high quality of life for all.

- The Ministry's plans and programs align with Government's vision. The Ministry is investing in infrastructure to the benefit of the current economy, as well as investing in infrastructure aligned with the future needs of a growing Saskatchewan.
- The Ministry is committed year-round to providing a safe and secure transportation network that ensures the smooth and expedient movement of people and goods.

Government's Goals

Sustain Economic Growth for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.

- The Ministry of Highways and Infrastructure supports this goal through investing in an integrated rural highway system, urban highway connectors, new gateway transportation infrastructure and developing northern transportation infrastructure. These initiatives foster growth in the resource sector and social mobility. The Ministry also invests in multi-modal infrastructure, such as regional airports and shortline rail.

Secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.

- Saskatchewan is provided with a safe and reliable highway system by the Ministry of Highways and Infrastructure through effective maintenance and repaving, rehabilitating bridges and culverts, along with utilizing targeted educational campaigns and enforcement activities for the transportation industry and the public.

Keep Government's Promises and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.

- The Ministry of Highways and Infrastructure is pursuing partnerships with the federal government, urban communities and rural municipalities in order to maximize support for infrastructure, as well as incorporating best practices to ensure financial and operational transparency and accountability.

Ministry Overview

The mission of the Ministry of Highways and Infrastructure is to optimize the role of transportation as it relates to the economic and social development of Saskatchewan.

The Ministry manages and provides for the future development of an integrated provincial transportation system which supports economic growth and prosperity for Saskatchewan. Our infrastructure investments are guided by strategic transportation policy and incorporate operating and maintenance practices which promote the safe and efficient movement of people and goods.

Saskatchewan's road network consists of 26,292 km of highways, including 9,915 km of asphalt concrete pavements, 4,641 km of granular pavements, 5,579 km of thin membrane surface (TMS) highways, 5,877 km of gravel highways and 280 km of ice roads.

As of March 31, 2010, the Ministry had 1,574 FTEs stationed in 102 Saskatchewan communities. Ministry crews are responsible for most surface repair activities like crack filling, sealing and patching. They provide snow and ice control, pavement marking and gravel location services. Ministry crews also repair and replace signs, some small bridge and drainage structures and operate the Saskatchewan River ferries and 17 northern airports. Responsibilities for carrying out the Ministry's mandate are distributed among the Ministry's three divisions and the Communications Branch.

Through its Operations Division, the Ministry is responsible for managing the province's 26,292 km of highways, 781 bridges, 406 large culverts, 12 ferries and 17 northern airports. This includes delivering preservation and operating programs for these assets. Operations Division manages all design and construction activities for contracted preservation and capital projects, as well as operational and maintenance programs.

Preserving the transportation system involves preventative maintenance and management of provincial highways, bridges, airports and ferries to ensure a sustainable transportation system is available for the safe, orderly and efficient movement of people and goods. Paved, gravel and TMS highways are sustained through annual surface repair and preventative maintenance activities. Preventative maintenance and regular repair are also required to ensure bridges stay in service up to or beyond their design life.

Operating the transportation system involves the delivery of a wide range of services to ensure the safe, orderly and efficient movement of people and goods. This includes pavement marking, signing, lighting, mowing, snow and ice control, as well as ferry and airport operations. Related operational services such as traffic engineering, preservation and engineering services are provided. Also included is the enforcement of transportation legislation for provincially-owned infrastructure and provincially-regulated shortline railways.

Operating the province's highway network is facilitated by traffic counting and operational support services including developing and administering engineering standards and policies for road design, construction management, roadside development, access management, traffic guidance, signing standards, road safety (e.g. speed limits, access, etc) and the utilization of aggregate resources (pit locating and quality testing and control). Professional and technical expertise is provided to rural municipalities concerning the municipal road network.

Policy and Programs Division is responsible for developing the policy network system plan and third party programs that are implemented by the Ministry. A safe, efficient, and reliable transportation system directly and indirectly benefits all Saskatchewan residents. Saskatchewan's economy is dependent on trade which requires a competitive and globally accessible transportation system. Developing transportation policy includes working with other jurisdictions, industry stakeholders and shippers to ensure that legislation and regulatory frameworks encourage efficiency and effectiveness throughout the system among the

transportation modes (road, rail, air and marine). This includes developing new methods and technology to improve the movement of goods. Transportation planning includes working with stakeholders in the pursuit of defining network system needs and strategically investing transportation resources towards garnering economic and social returns for communities throughout the province.

Corporate Services Division provides budgeting, programming, forecasting, financial reporting, quality management systems and geographical information systems to the Ministry. This division is responsible for the Information Management Office, performance management, enterprise risk management, technical management and administrative services related to property acquisition and disposal.

Communications Branch is responsible for strategic communications, education and awareness programs aimed at promoting public and highway worker safety.

Key Stakeholders

The groups with a primary interest in working with the Ministry to improve transportation are:

Area Transportation Planning Committees (ATPCs)

The ATPCs provide local input on regional strategic transportation issues and advise provincial and municipal governments on transportation issues based on social and economic goals of the area. There are 11 committees across the province, which generally include representation from rural and urban municipalities, First Nations, Regional Economic Development Authorities, Saskatchewan Urban Municipalities Association, Saskatchewan Association of Rural Municipalities, the Ministry and other major regional stakeholder groups. The Ministry considers them a key stakeholder and works closely with individual ATPCs on local and regional transportation issues and with the ATPC Chairpersons Committee on a variety of broader provincial transportation issues.

Saskatchewan Association of Rural Municipalities (SARM)

SARM represents the interests of rural municipal governments in Saskatchewan. The Ministry considers SARM a key stakeholder for transportation issues related to rural Saskatchewan. The municipalities represented by SARM are also responsible for providing road infrastructure and the Ministry works closely with SARM and rural municipalities to address road transportation issues at a local and regional level and grain transportation issues at a provincial and federal level.

Saskatchewan Urban Municipalities Association (SUMA)

SUMA represents the interests of urban municipal governments in Saskatchewan. The Ministry considers SUMA a key stakeholder for provincial transportation issues that impact urban Saskatchewan. Urban municipalities are also responsible for providing transportation infrastructure and the Ministry works with SUMA and urban municipalities to address local and jurisdictional transportation issues.

First Nations

The Northern Transportation Strategy will benefit First Nations in the northern region of Saskatchewan by providing year-round road access. Working with First Nations to build capacity in road building trades and to improve access to their communities will help fulfill the Ministry's mandate to optimize the role of transportation as it relates to the economic and social development of Saskatchewan.

Saskatchewan Heavy Construction Association (SHCA)

The SHCA represents Saskatchewan's road building and heavy construction industry on a federal, provincial and municipal level. They are a key service provider because their members complete the majority of the road construction activity tendered by the Ministry. The Ministry and SHCA work together to address issues related to industry capacity, construction standards and practices, contract delivery, construction quality and material specifications.

Saskatchewan Aviation Council (SAC)

The SAC has been improving aviation in Saskatchewan for the past two decades. Today, SAC is the province's single, most influential voice in aviation. The Ministry worked closely with SAC in the development of the Community Airports Partnership (CAP) program. The Ministry's CAP program is designed to provide capital contributions to rehabilitate and upgrade the network of strategic regional community airports.

Consulting Engineers of Saskatchewan (CES)

The CES represent the engineering consulting industry in Saskatchewan. The Ministry considers them a key stakeholder since their members provide technical transportation engineering consulting services, including transportation planning, environmental assessments, road design, construction management and testing services.

Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS)

The APEGS is the licensing body in Saskatchewan which regulates the practice of engineering/ geosciences. APEGS self regulation protects both the public and the environment by ensuring high standards of engineering/ geosciences practice and education in Saskatchewan. APEGS' mandate and obligation to undertake this role is laid out in The Engineering and Geoscience Professions Act. Members work in a variety of sectors, such as manufacturing, construction, utilities, resources and transportation.

Saskatchewan Trucking Association (STA)

The STA represents the Saskatchewan trucking industry. The Ministry considers them a key stakeholder since their members are key users of the provincial highway system. The Ministry consults with the STA on provincial and inter-provincial vehicle weight and dimension regulations and other trucking policy issues.

Saskatchewan Shortline Railway Association (SSRA)

The SSRA represents all of the provincial shortline railways with the goal of identifying and addressing common issues and challenges facing this transportation sector. The Ministry has worked closely with the Saskatchewan Shortline Railway Association in the development of the Shortline Railway Sustainability Program.

Canadian Council of Motor Transport Administrators (CCMTA)

The CCMTA is a non-profit organization comprised of representatives from the provincial, territorial and federal governments of Canada. Through the collective consultative process, the CCMTA makes decisions on administration and operational matters dealing with licensing, registration and control of motor vehicle transportation and highway safety. It also comprises associate members whose expertise and opinions are sought in the development of strategies and programs.

Canadian Automobile Association (CAA)

The CAA represents provincial motorists who are primary users of the provincial highway system. The Ministry considers them a key stakeholder because they are a group that represents a segment of provincial motorists.

Saskatchewan Safety Council (SSC)

The SSC is a non-government, non-profit charitable organization dedicated to preventing injuries and fatalities in the province. Through training, education and advocacy, the SSC works to make safety a priority for everyone. Its scope has grown over the years to include four divisions: Traffic, Occupation, Farm, and Home and Community. Each division offers comprehensive safety training programs, campaigns, materials and consulting throughout Saskatchewan.

Canadian Pacific (CP) and Canadian National (CN)

Class 1 Railways are the largest operating railways in the country. They are seen as industry leaders and are at the forefront of the latest technologies and newest locomotives on the market. CP railway has over 8,500 miles of rail lines in Canada and provides rail and intermodal freight transportation services coast to coast in North America, as well as logistics solutions for businesses worldwide. CN railway's Canadian network stretches across over 14,800 route miles across Canada.

Progress in 2009-10

The Ministry of Highways and Infrastructure supports Government's goal to sustain Economic Growth for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.

Contribute to economic growth through investment in an integrated strategic rural highway system

Results

- Through the Rural Highway Strategy (RHS):
  - The primary weight system was increased by 5,000 km on July 1, 2009. The corridors added to the primary system were identified through an extensive analysis of the secondary weight highway system. Primary weight will be available on the new corridors on a nine-month basis annually (July-March). The expansion brings the primary weight highway system to a total length of 14,400 km. This includes 8,250 km of 12-month primary weight highways and 1,200 km of existing nine-month primary weight highways.
  - At the end of March 2010, the Ministry completed construction on 211 km of rural highways through the RHS. The Ministry was unable to complete its target of 250 km due to the availability of contractors. The Ministry continues its consultations with the road builders to build industry confidence and capacity. The multi-year release of rolling tenders is a direct response from these consultations and will enable a steady increase in industry capacity that will conclude with a successful delivery of the Transportation for Growth Strategy.
  - Some of the major upgrades through the RHS included work on the following:
    Hwy 3 – West of Livelong to Turtleford;
    Hwy 26 – North of St. Walburg;
    Hwy 37 – North of Climax;
    Hwy 47– Junction of Hwy 361 to Stoughton;
    Hwy 303 – East of Lloydminster to the junction of Hwy 21; and,
    Hwy 303 – West of Turtleford.
- In an effort to enhance the municipal and provincial highway system, in 2009-10, all rural municipal road programs were consolidated within the Ministry of Highways and Infrastructure. This consolidation resulted in an improved strategic and complimentary approach to transportation investment in rural Saskatchewan. The Ministry re-aligned the programs into the Municipal Roads for the Economy Program (MREP) and signed an agreement with SARM to administer the program. The purpose of the MREP is to assist municipalities to improve their road network which in turn benefits both the trucking industry and the municipality.
  - The MREP administration agreement between the Ministry and SARM has been executed. SARM has assumed responsibility for the delivery of the road infrastructure programs. SARM assumed responsibility for the bridge and culvert portion of the program on April 1, 2010. In 2009-10, the Ministry provided a $46.9 million grant for municipal infrastructure improvements programs.

Invest in new gateway transportation infrastructure to improve logistics and economic growth

Results

- Accelerated twinning on Highway 11:
  - On June 24, 2009, 11.3 km of northbound lanes from the junction of Highway 2 south was opened. Ongoing construction includes grading for new northbound lanes from south of Hague to north of Rosthern. The Ministry also completed a total of 24.2 km of grading.
  - To ensure the accelerated twinning is accomplished in a four-year period the Ministry has advanced the grading of the south to northeast of MacDowall project; the surfacing on Highway 11 south of Hague to north of Rosthern was tendered and awarded in October 2009; the surfacing on Highway 11 south to northeast of MacDowell was tendered and awarded in December 2009. Work is on schedule for completion of the twinning between Saskatoon and Prince Albert in 2012.
- In 2009-10 the Ministry of Highways and Infrastructure invested in multi-year infrastructure projects such as:
  - **Regina West Bypass**

    Upgrade to existing Pinkie Road from Highway 1 to Dewdney Avenue is in progress. Phase 1 of work to upgrade Dewdney Avenue is expected to go to tender in late spring 2010. Phase 2 of the Regina West Bypass – 6.7 km including embankments at Canadian Pacific Railway and the four lanes of highway from Dewdney Avenue South – is expected to go to tender in early summer 2010.
  - **Highway 1 and Lewvan Drive Interchange**

    Natural gas, electrical and telephone utility lines were moved. Interim roadways were constructed west of Lewvan/ Highway 1 to provide access to Highway 1. All the remaining work on the Lewvan Interchange except for the bridge was awarded on March 11, 2010. Bridge construction and materials are expected to be awarded in spring 2010 in two separate contracts. Overpass embankment construction is ongoing. The project is on schedule for completion in the fall 2011.
  - **Yorkton Truck Route supporting industrial growth**

    The realignment of Highway 16 was awarded. The Ministry received environmental approvals for the project and is waiting for Canadian Pacific Railway to get approvals from Transport Canada. Placement of a connector route between Highway 10 and Highway 16 has been approved. All land purchases for the realignment of Highway 16 were completed. Grading on the Highway 16 portion of the project is completed and surfacing is to follow. The project is on schedule for completion in the 2011 construction season.

Partner with interested urban municipalities to assist with mobility of people and goods through urban communities

Results

- Through the Urban Highway Connector Program (UHCP):
  - The Ministry acknowledges the provincial interest in partnering with urban municipalities for projects including upgrades, operations and maintenance. The UHCP is designed to remove jurisdictional obstacles and address long standing transportation bottlenecks around major urban centres. Urban connectors form an essential part of both the national and provincial transportation system. Economic objectives are enhanced by providing seamless connections through urban communities that link to transportation corridors. The UHCP policy is based upon a funding contribution directly related to the provincial interest on the urban connector for urban municipalities with a population more than 1,000 south of the Northern Administrative District. Efficiencies and the public interest are best served by the free flow of traffic, including travel on urban connectors. The Ministry will partner with interested urban municipalities based on the provincial interest in the highway for the following key areas: Capital Investment, Routine Operation and Maintenance, Infrastructure Rehabilitation and Urban Transportation Planning Studies. The UHCP policy only applies to designated urban highway connectors. Fifty-eight municipalities are eligible to join the UHCP.
  - Interest in the program has increased from last year; as of March 31, 2010, 15 communities have signed UHCP Framework Agreements. Twelve communities joined in 2009-10 and three joined in 2008-09.
- In 2009-10, approximately $4.6 million was paid to communities participating in capital, rehabilitation or study projects and $1.02 million was paid for operations and maintenance of the Urban Highway Connectors.

  Lloydminster: Signed the Framework Agreement and received $1.6 million for Urban Highway Connector capital upgrades in 2009-10.

  Humboldt: Signed the Framework Agreement and received $718,400 for Urban Highway Connector upgrades in 2009-10.

  Moosomin: Signed the Framework Agreement and received $142,400 for Urban Highway Connector rehabilitation in 2009-10.

  Weyburn: Has committed to joining the program and the Framework Agreement is under development; in 2009-10, $105,400 was spent for three transportation studies.

  Melfort: Signed the Framework Agreement and received $522,750 for Urban Highway Connector upgrades in 2009-10; in 2009-10, $9,700 was spent for a transportation study.

Develop transportation infrastructure through the Northern Transportation Strategy to foster growth in the resource sector and promote social mobility

Results

- In 2009-10, considerable effort was put into the development of a Northern Transportation Strategy (NTS). The NTS is evolving and work will continue until the Ministry can deliver a defined strategy that will assist in safe access and economic growth for Northern Saskatchewan.
    - The Northern Transportation Advisory Committee met five times since its inception in June 2009. The Committee has developed a long-term plan for northern highway infrastructure which provides the priority for investment into 54 northern highway segments using an evaluation process agreed to and supported by the advisory committee members.
- At the end of March 2010, the Ministry invested $36 million in operations, maintenance and construction of northern roads and airports. Variance from the original commitment of $46.5 million was the result of major capital projects being deferred until 2010-11 due to inclement weather and contractor availability.

Invest in multi-modal infrastructure such as regional airports and shortline rail

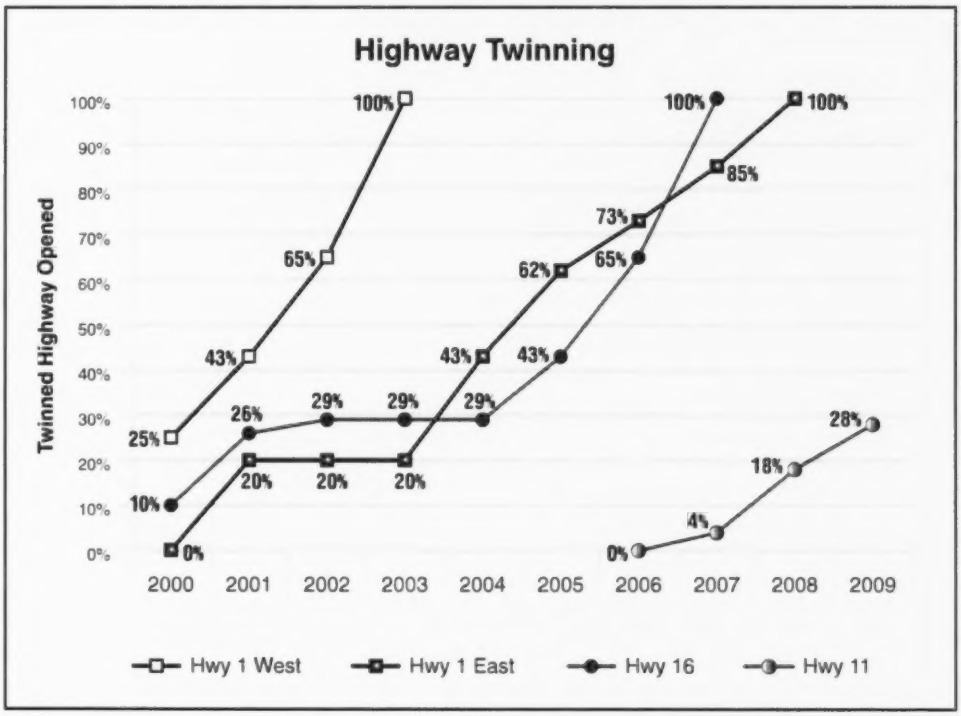
Results

- Through the Community Airport Partnership (CAP) program, capital contributions to rehabilitate and upgrade the network of strategic regional community airports in southern Saskatchewan are provided by the Ministry. For approved projects, 50 per cent of the eligible cost is available for funding from the Ministry; the remaining 50 per cent is to be covered by the applicant. The Ministry provided seven grants totaling $500,000 to community airports, which will generate $1 million in airport rehabilitations. The grant recipients in 2009-10 were Estevan, Kamsack, Kindersley, Maple Creek, Moose Jaw, Swift Current and Yorkton airports. CAP was first offered in 2007-08 and has been funded at the $500,000 level on an annual basis.
- Ongoing maintenance activities to the 17 provincially-owned airports (Uranium City, Hudson Bay, Sandy Bay, Fond du Lac, Stony Rapids, Wollaston Lake, La Loche, Buffalo Narrows, Patuanak, Ile-a-la Crosse, Pinehouse Lake, Beauval, Pelican Narrows, Dore Lake, Meadow Lake, Cumberland House, Camsell Portage) throughout 2009-10 included snow removal, blading, lighting repairs, cracksealing, brush cutting, spot patching, mowing, surface repairs, runway strengthening, lighting upgrades, winter maintenance, airfield lighting repairs and Safety Management System development. The annual expenditure in 2009-10 for maintaining provincial airports was $1.72 million.
- The Shortline Railway Sustainability Program (SRSP) provides grants to provincial shortline railways to assist in sustaining track infrastructure. The provincial government provides 50 per cent of the cost of approved projects to eligible shortlines in the form of a conditional grant. The remaining 50 per cent of the project cost is the responsibility of the applicant. The Ministry has committed a total of $500,000 in conditional grants to eight different applicants. The grant recipients in 2009-10 were Great Western Railway, Carlton Trail Railway, Red Coat Road and Rail, Fife Lake Railway, Wheatland Rail, Southern Rails Cooperative, Thunder Rail and Torch River Rail.

- The Ministry continued to support the Shortline Loan Program also known as the Railway Line Loan Program (RLLP) in 2009-10. The RLLP provides interest free, 15-year loans (with no payment for three years) for 32 per cent of the value of rail lines purchased by local stakeholders.
    - Two new shortlines, Great Sandhills Railway and Last Mountain Railway were created with the most recent loan being granted to Last Mountain Railway in September 2009 for $1.6 million toward the purchase price of $5.1 million for 108 km of track between Davidson and Lumsden from CN.

Measurement Results

Cumulative per cent of twinned highway opened to traffic



Data Source: Ministry of Highways and Infrastructure, Corporate Support Branch

This measure aligns with the Ministry's strategy to invest in new gateway transportation infrastructure to improve logistics and economic growth. It is significant to the Ministry because twinning initiatives increase mobility and safety on the National Highway System (NHS). In February 2009, the Ministry committed to accelerating the twinning on Highway 11 to be completed in four years. The measure provides an indicator of progress in delivering Government's twinning commitments.

In 2009-10, 11.3 km of northbound lanes on Highway 11 from north east of Macdowall to west of the junction of Highway 2 was opened to traffic. When a portion of twinning opens to traffic, it contributes to the cumulative percentage open for that corridor. The performance measure is calculated by dividing the cumulative length opened for traffic for each corridor by the length to be completed for each corridor. When the twinning on a corridor is completed, its cumulative percentage opened to traffic is 100 per cent.

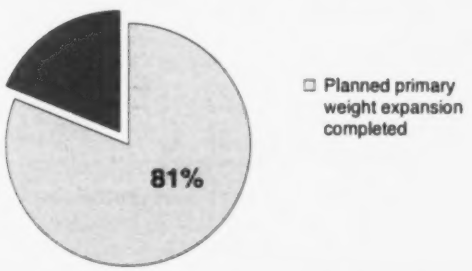
The Ministry has a high level of influence over this performance measure because it is responsible to develop a schedule that will complete the twinning within the identified time frame. Weather and contractor progress can, however, influence performance results in any given year.

The twinning of Highway 11 is an important Gateway Corridors project. Gateway Corridors improve transportation infrastructure that result in increased productivity by reducing congestion and delays, as well as connecting the province to national and international economies and markets. Gateway Corridors are the major emphasis for the infrastructure funds available under the federal government's Building Canada Fund.

Twinning of Highway 16 between Saskatoon and Lloydminster was completed in 2007 with the exception of the section within Lloydminster. Highway 1 from the Manitoba to Alberta borders was opened in the fall of 2008. The completion of the twinning of Highway 11 from north of Saskatoon to Prince Albert is the next priority and will add approximately 100 km of divided highway to the NHS after project completion. Twinning of Highway 11 positions this corridor as our gateway to the north. For a map of the NHS please see **www.highways.gov.sk.ca/sask-maps**.

Measurement Results

Cumulative per cent of planned primary weight expansion completed:



Data Source: Ministry of Highways and Infrastructure, Corporate Support Branch

The Ministry has a Rural Highway Strategy and a new policy for prioritization of upgrading highways to primary weight. Expansion of the primary weight network in Saskatchewan is a key component of the Rural Highway Strategy and for a competitive provincial economy. Having access to a primary weight highway network is a significant efficiency gain for many businesses. An expanded primary weight system will also support existing economic activities, encouraging further development in these rural areas. Beyond cost savings to producers and shippers, concentrated truck haul on primary weight corridors will reduce pressure on other rural highways and fewer truck journeys result in lower levels of green house gas emissions.

This measure indicates progress on the Ministry's plan to increase the amount of highways available at primary weights. In July 2006, the Ministry implemented the first phase of primary weight expansion by allowing 1,190 km of highways to haul primary weights for nine months of the year. In the second phase of primary weight expansion the Ministry planned to expand the primary weights by 1,734 km. The 2009-10 Plan indicated the Ministry planned to expand the primary weight highway system by 5,000 km and 250 km of construction towards the 1,734 km target. As of March 31, 2010, the total planned primary weight expansion was 7,924 km. In order to achieve this, the primary weight highway system would be increased by 5,000 km through extensive analysis of the secondary weight highway system and 211 km of construction was completed. Since 2006 the total cumulative completed primary weight is 6,457 km. The cumulative per cent of the planned primary weight expansion completed is 81 per cent.

The Ministry of Highways and Infrastructure supports the Government's goal to Secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.

Provide effective maintenance and rehabilitation on bridges and culverts to contribute to public safety

In 2009-10, the Ministry was in its second year of a long-term funding program to address the backlog of bridges and culverts requiring maintenance due to their poor condition, ensuring public safety as well as avoiding structure failures. The Ministry is taking a risk management approach to ensure that the bridges and culverts that are in the most need of replacement or rehabilitation will be completed as necessary.

Results

- The Ministry has completed eight bridge replacements in 2009-10 including the bridges on:
  Hwy 21 at Maple Creek;
  Hwy 26 at Loon Lake;
  Hwy 106 at Puskwakau Creek;
  Hwy 120 at Howard Creek; and,
  Hwy 980 at Woody River and at Kinacin Creek.
  - The Ministry fell short of its goal of 15 bridge replacements, as three bridges near Chaplin were delayed to next year due to the contractor scheduling the completion of multiple bridges on the highway section in one construction season. Navigable water approvals and construction capacity also resulted in delay of bridge projects into the 2010-11 fiscal year. Navigable water issues require federal regulatory approval to meet navigation requirements prior to commencement of bridge projects.
- At the end of March 2010, the Ministry completed the major rehabilitation of five bridges on:
  Hwy 3 at Thatch Creek;
  Hwy 8 at Assiniboine River;
  Hwy 11 north of Regina;
  Hwy 18 at Frenchman River; and,
  Hwy 39 east of Estevan.

- In 2009-10, more than 38 culverts and wood box drainage structures were replaced as part of the Ministry's strategy to ensure public safety on the highway through the inspection and replacement of culverts and wood box drainage structures that have outlived their lifecycle.

- At the end of March 2010, the Ministry completed inspecting 41 per cent of its total bridge inventory. The Ministry fell short of its 50 per cent goal, however, will include the shortfall as part of its 2010-11 bridge inspections.

- The Ministry invested $10 million in 2009-10 to begin work on the St. Louis Bridge. This is a three-year project and design work has begun. The new bridge will be built 1.6 km east of the existing St. Louis Bridge. New roadbeds are to be constructed between 2010 and 2012, with the new bridge deck being built and paved in 2012 for a late fall opening.

    - The Ministry completed an Environmental Project Proposal and submitted it to the Ministry of Environment in May 2010. Design work for the embankments, shear key, granular filter and St. Louis Access Road is expected to be completed by spring 2010. Sand drains were installed and completed by February 25, 2010.

Support public safety and effective stewardship through effective maintenance and repaving

Results

- At the end of March 2010, the Ministry completed 269 km of paved highway in the province from the 2009-10 budget, as well as an additional 71 km which was funded through the federal government's Infrastructure Stimulus Fund (ISF). A total of 340 km was repaved in the 2009-10 fiscal year.

    - Some of the major upgrades included:
      Hwy 1 – 72 km of work;
      Hwy 13 – 59 km of work;
      Hwy 32 – 34 km of work;
      Hwy 16 – 25 km of work; and,
      Hwy 11 – 20 km of work.

- In 2009-10, the Ministry began work on the development of a Preservation Policy to determine the effective preservation level of service targets. A working committee has been established which is co-chaired by representatives from Operations and Policy Division to formalize and focus the development of the Preservation Policy to ensure the work is aligned with the Government's social and economic goals. Policy Branch has undertaken preliminary work to define the infrastructure hierarchy. Specifics include identifying what factors can be used to define the hierarchy. Project plans, as well as a project risk action plan have been developed and actions will be reported on quarterly to the Ministry's Executive.

- The Ministry delivered the annual Safety Improvement Program (SIP) to support public safety. The SIP is utilized to fund minor safety improvements such as guard rail installations, crosswalks, turning lanes and delineation lights. Delivery of the program in 2009-10 included 42 completed projects. Miscellaneous projects within the south, central and northern regions were also completed. At the end of March 2010, the total amount invested on SIP projects was $1.82 million and an additional $805,000 of work-in-progress is to be completed in 2010-11.

Ensure safety and ongoing performance of the transportation system through targeted educational campaigns and enforcement activities for the transportation industry and the public

Results

- Each year, along with the other provinces and territories, Saskatchewan participates in Roadcheck, a 72-hour concentrated safety inspection blitz held across Canada. Roadcheck has both enforcement and awareness benefits. As well as detecting unsafe vehicles and drivers, it provides an opportunity to educate the motor carrier industry and the public as to the importance of safety in large vehicles. In the 2009-10 fiscal year, the Ministry's Transport Compliance Branch participated in the International Roadcheck on June 2 - 3, 2009 at Swift Current and Macklin, conducting 431 inspections with 57 (13.2 per cent) vehicles and 20 (4.6 per cent) drivers taken out of service. When a vehicle and/or driver are placed out of service it is due to being in violation of the legislation within an Act or its regulation. Before the vehicle and/or driver can leave they must first come into compliance with that regulation. When a vehicle is taken out of service there may be a fine and any equipment infractions must be repaired before the vehicle can be moved. When a driver is taken out of service there may be a fine and the driver must remedy their infraction before being allowed to operate a vehicle again. Driver infractions include items such as improper licensing or log book violations.

- The Ministry conducts surveys each year on commercial vehicles to promote compliance to the weight regulations on the provincial transportation network. Compliance to the regulations preserves the lifecycle of the network as well as reduces the level of investment by taxpayers.

- In 1996, the Ministry's Transport Compliance Branch, in partnership with Saskatchewan Government Insurance and the Saskatchewan Professional Driver Safety Council implemented a program entitled "Operation Air Brake" which combines awareness and enforcement activities to deal with air brake adjustment problems. Out of adjustment air brakes reduce the braking capacity for large vehicles and further inhibit their stopping distance, which under ideal conditions is already twice as far as that for cars and other smaller vehicles. This increases the risk to other users of the road and the driver of the vehicle itself. The 2009-10 Operation Air Brake blitz was held on May 6, 2009 in Moosomin, Regina, Melfort and Kindersley. Inspections took place on 253 vehicles with 15 (5.9 per cent) taken out of service.

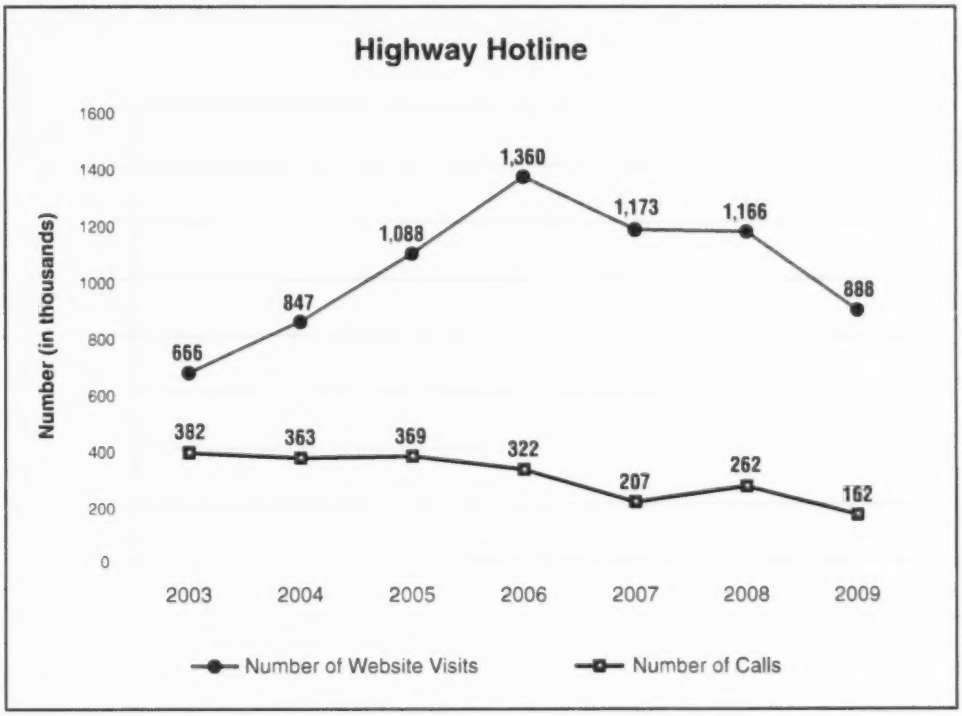
- The 2009-10 Orange Zone media and advertising campaign was launched in April 2009 and ran until September 2009. The Orange Zone campaign was utilized to remind travelers to slow to 60 km/hr in the Orange Zone when passing highway workers and equipment. An Orange Zone begins when the presence of highway workers or equipment is marked by a sign that displays a black symbol of a highway worker on an orange background. Media elements included weekly construction update news releases reminding the media and motorists about Orange Zone safety.

- The 2009-10 Snow Zone media campaign was launched November 2009 and ran until March 2010. Blading snow off the road can create a mini blizzard or 'Snow Zone' around the snow plow truck, especially in windy conditions. The media campaign reminds travelers of this and recommends they slow down and proceed with caution when approaching a snow plow or when there is a decrease in visibility. New legislation passed in the spring of 2009 requires drivers to slow to 60 km/hr when passing a snow plow either stopped on the side of the road or in operation with warning lights flashing. Media elements of the Snow Zone have included a news release about the Ministry's pandemic plan, distribution of Fact Sheets to media, trade shows, accessibility to the Highway Hotline on SaskTel's mysask.com website and information on SaskTel Max's television.

- In the 2009-10 season, the Ministry provided reliable Highway Hotline services with zero hours of downtime between November 1st and April 1st. The Highway Hotline was fully staffed beginning November 1, 2009 and operated non-stop until April 10, 2010.

Measurement Results

Number of calls and website visits to the Highway Hotline



Data Source: Ministry of Highways and Infrastructure, Central Region

The Highway Hotline provides information about the transportation system to the traveling public, business and industry. Motorists can access the Hotline through the Ministry's website **www.highways.gov.sk.ca**. The information provided most frequently applies to highway driving conditions, both summer and winter. Other information, such as weight restrictions, ferry information and clearances of bridges and structures is also available.

The Highway Hotline activity is monitored from November to April of the fiscal year but is available every day of the year. The Ministry experienced a decrease in website visits to the Highway Hotline information with 888,353 website visits in 2009-10. The number of calls to the Highway Hotline also experienced a decrease with 161,885 calls in 2009-10. Weather could be the major contributor to the decrease, as many regions of the province did not receive a major snow event until late in the winter season. The Ministry continues to bring awareness of highway conditions to the public allowing highway users to make informed decisions on travel, resulting in safer travel and reduced accident and injury rates.

The Ministry is able to influence the profile of the Highway Hotline by promoting it through major media campaigns, such as Snow Zone, Orange Zone and public relations activities. The Ministry is responsible for regularly updating road condition information on the hotline to keep it relevant, which will attract repeat calls or website visits. However, the Ministry has little influence over whether or not people choose to take precautions as a result of consulting the hotline.

Measurement Results

Per cent of National Highway System and rural highways in "good" condition

	2009	2008	2007
National Highway System	94%	94%	94%
Rural Highways	77%	75%	73%

Data source: Ministry of Highways and Infrastructure, Engineering Standards

By measuring the networks in "good" condition, the Ministry will show progress toward the desired result of maintaining or improving the surface condition of paved surfaces on the National Highway System (NHS) and rural highways. This measure demonstrates the Ministry's work towards the Government's Security goal by supporting public safety and effective stewardship through effective maintenance and repaving.

In 2009-10, 94 per cent of the NHS and 77 per cent of rural highways were in "good" condition.

To determine if a pavement is in good condition, the Ministry uses a combined measurement of the road's rutting and ride, which is based on measurements and analysis conducted by the Ministry. On pavements rated "good", the road user would experience a smooth, comfortable ride with minimal ponded water in the wheel paths.

The Ministry's per cent "good" on the rural highway system has increased due to the Ministry's Rural Highway Strategy construction, the repaving accomplished in the capital rehabilitation program, as well as the medium treatments such as micro surfacing and overlays accomplished through the preservation program. As the NHS began the year with a higher percentage in "good" condition it is more difficult to increase this result. The size of the NHS and the increase in the lane kilometres are balanced by the work accomplished by the preservation program to maintain the status quo on other routes. Factors such as contractor progress, fluctuating input costs and the length of the construction season are outside the Ministry's control, but influence the results of this measure.

Measurement Results

Per cent of kilometers resurfaced on the National Highway System (NHS) to meet the targeted life cycle

2009	2008	2007	2006
4.8%	5.4%	4.5%	2.9%

Data source: Ministry of Highways and Infrastructure, Engineering Standards

This measure demonstrates the Ministry's ability to effectively manage the NHS on a long-term life cycle basis. Timely preventative maintenance will extend the life of a pavement and minimize the life cycle costs. Preventative maintenance treatments fix rutting and surface condition and prolong the life of the highway by extending the length of time before a more expensive and extensive resurfacing is required.

In 2009-10, the Ministry rehabilitated (resurfaced) 129 km (4.8 per cent) of the NHS to meet the targeted life cycle. The NHS is made up of 2,688 km of roads that link Saskatchewan to regional, national and international economies and markets.

It is important to note that the decision to resurface a highway is driven by surface condition and not pavement age. Prudent infrastructure management dictates that there should always be some pavements beyond the expected life of a pavement if environmental, traffic and material characteristics allow a pavement to perform better than expected. The Ministry is currently developing its Preservation Policy to meet the needs of the province.

Although the Ministry develops the provincial highway improvement strategy, a number of factors outside the Ministry's control affect this strategy. These factors include weather and environmental considerations. Within this context, the Ministry strives to develop a provincial highway improvement strategy that maximizes the benefits of all expenditures and works toward providing a safe and efficient transportation system.

The Ministry of Highways and Infrastructure supports Government's goal to keep Government's Promises and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.

Pursue partnerships with the federal government to maximize support for infrastructure

Results

- The Ministry of Highways and Infrastructure is responsible for the administration of the Building Canada Plan (BCP) Infrastructure Framework as well as other federal infrastructure programs on behalf of the Province. As of March 31, 2010, the Province and the federal government have signed all planned federal funding agreements. The Ministry delivered $114.8 million in revenue from its negotiations and contracts with the federal government.

2009-10 Revenue ($ millions)			
Federal Program	**MHI***	**MA****	**Total**
Building Canada Fund – Base	50.0	25.0	**75.0**
Building Canada Fund – Major Infrastructure Component	10.8	0	**10.8**
Gateways and Border Crossing Fund	2.5	0	**2.5**
Infrastructure Stimulus Fund	23.6	2.7	**26.3**
Other	0.2	0	**0.2**
Total	**87.1**	**27.7**	**114.8**

*MHI is Ministry of Highways and Infrastructure **MA is Municipal Affairs

The BCP Infrastructure Framework Agreement was signed in April 2008 between Saskatchewan and Canada. It committed the federal government to invest approximately $635 million in Saskatchewan over seven years starting in 2007-08. The agreement was amended in 2009 and committed the federal government to invest approximately $675 million in federal cost shared funding. (2007 Mandate Letter)

BCP Infrastructure Framework:

Provincial/Territorial (P/T) Base Fund

The P/T Base Funding is also referred to as the "equal per jurisdiction funding." Saskatchewan, and each other province and territory, was to receive $175 million over a seven year period ($25 million per year). This funding addresses national infrastructure priorities as well as non-core NHS infrastructure (in the first year only) and safety related rehabilitation of infrastructure in all categories. The Province was originally expecting to receive $25 million per year for seven years. However, the agreement was amended to accelerate the $175 million in funding received by the Province.

Building Canada Fund (BCF) – Major Infrastructure Component

Projects under the Major infrastructure Component include the Highway 1 and Lewvan Drive Interchange; and Highway 11 twinning.

Gateways and Border Crossings Fund

The Regina West Bypass projects will receive funds under this federal program.

Infrastructure Stimulus Fund (ISF):

As part of the Ministry's strategy to pursue partnerships with the federal government to maximize support for infrastructure, the Ministry delivered on negotiating the ISF projects that were part of the federal government's Economic Action Plan.

The Ministry was required to advance construction ready projects from its long-term planning in order to deliver on the requirements that all funding for these projects be incremental to the provincial government's budget and all projects be completed by March 31, 2011. For project work completed in 2009-10, the Ministry is expecting that its ISF investments will return $23.6 million ($16.7 million in Capital Enhancement and $6.9 million in the MREP) and coupled with Municipal Affairs, investments will return $26.3 million to the General Revenue Fund.

Other Federal Agreements:

Includes payments from federal programs that have ended prior to the 2009-10 fiscal year (the Border Infrastructure Fund and Canada Strategic Infrastructure Fund) and National Safety Code funding.

- The Ministry continues to lead strategic transportation policy development on behalf of the Province and coordinate policy support with multiple inter-jurisdictional committees and groups including the Policy Planning Support Committee, the Pacific Northwest Economic Region Annual Summit and the Midwest Legislative Conference.

- The Ministry continues to work with Manitoba, Alberta, other Saskatchewan ministries, Canada Border Services Agency and the Transport Canada Prairie Border Working Group on matters affecting the Canada-US border on the prairies. An example of this work includes coordination of future infrastructure design and investments at the Portal/North Portal border crossing.

- Throughout 2009-10, the Ministry's Policy Branch worked on the New West Partnership agreement. The New West Partnership is an ambitious agreement that will create Canada's largest interprovincial barrier-free trade and investment market. The agreement was launched April 30, 2010.

    - The New West Partnership is a trade agreement that was signed by the Premiers of British Columbia, Alberta and Saskatchewan. The Ministry supports the trade agreement by jointly undertaking to remove barriers that restrict or impair trade and mobility between the three provinces in surface transportation. The Ministry is currently defining the scope and options to achieve the agreement.

- The Ministry continues to represent the Province at the Aviation Standing Committee meeting, Saskatchewan Aviation Council meeting and at the Open Sky Policy discussions.

    - The Aviation Standing Committee, meet on a bi-annual basis to get updates on national aviation issues with Transport Canada.

    - The Saskatchewan Aviation Council had their annual meeting during the Wings of Saskatchewan Conference, which was held in Saskatoon, October 15-16, 2009.

    - The Open Skies Declaration was signed in 2009 by British Columbia, Alberta and Saskatchewan with the intent to open or broaden the Canada policy position on aviation markets in Canada to foreign carriers. Discussions between the three provinces are via teleconference calls and have been ongoing throughout 2009-10.

- Other ongoing activities include Canada European-Union trade negotiations, Western Economic Partnership on transportation regulations and policies, Montana-Saskatchewan Accord, Western Table Freight flow forecasting and border community investment coordination.

    - The Government of Saskatchewan has set a policy goal to expand trade and broaden the reach of business by providing access to markets and improving transportation and logistics standards in areas such as security, international border efficiencies and rational and justification for regulation and legislation (reducing the costs of carrying on business in freight transportation). Specifically, this approach addresses opportunities and provides options which balance industry's needs for economic viability, as well as regional, national and international program requirements, while maintaining a safe travel environment for all users of the transportation system.

Incorporate business and industry best practices to ensure financial and operational transparency and accountability

Results

- The Ministry encourages innovation by supporting infrastructure research and professional development through the Saskatchewan Centre of Excellence for Transportation and Infrastructure (SCETI). (2007 Mandate Letter)

    - SCETI continues to undertake a number of projects in partnership with the road building industry and the Ministry which include work on various subgrade strengthening initiatives, utilization of different recycled materials in pavement asphalt and emulsion stabilizations of material and systems. At the SCETI Board Meeting on December 11, 2009, there were 27 potential research projects that were being considered. The SCETI Board assigned a task group of three people to assess the potential projects. As of March 31, 2010, the review was completed and was waiting final approval by the Dean of the College of Engineering. It is anticipated that 60-70 per cent of the projects will begin in 2010-11 fiscal year.

    - The Ministry's commitment to professional development was accomplished through the training activities that were delivered in conjunction with SCETI. These activities included two Asset Management Boot Camps in November 2009 and a geotechnical course that was delivered in March 2010. Future professional development opportunities delivered through SCETI include a pavement course, a hydrological course, and an environmental management course.

    - The Ministry has a $3 million commitment to SCETI. In March 2010, the Ministry made its second $1 million payment to the University of Saskatchewan. The third $1 million payment remains to be paid before October 31, 2011 under the existing agreement.

- The Ministry supports the Saskatchewan Alliance for Sustainable and Innovative Transportation at the University of Regina by continuing to work with Communities of Tomorrow (CT). The Ministry is currently partnering with CT on the development of an Innovation Framework for initiating and managing innovation projects.

- The Ministry's Transportation Policy Branch performs highway network system planning, working to coordinate investment decisions made through the Ministry's five-year rolling capital plan and delivered through the Infrastructure Enhancement program. The first public release of the five-year rolling capital plan was December 3, 2008. The Ministry is on target to release the second phase of the plan in 2010. (2007 Mandate Letter; 2008 Throne Speech)
    - The five-year plan consists of the Ministry's five main capital portfolios: Gateway Corridors, Urban Highway Connector Program, Rural Highway Strategy, Northern Transportation Strategy and a continuing focus on system stewardship. The provincial budget dictates the pace of the work, however, delivering the public five-year rolling capital plan creates transparency of the Ministry's plans allowing industry, local communities and the construction and road building communities to plan for the future.
- The Ministry's Quality Management Program (QMP) is an initiative based on the values of organizational excellence and commitment to enhanced quality and continual improvement, as well as aligning with the provincial government's goal for a professional public service. Through the QMP, the Ministry is working towards integrating International Organization for Standardization (ISO 9001:2008) quality management standards into its business practices. In addition, QMP also ensures that the quality management standards of ISO are considered within all the process improvement standards that are being implemented within certain areas of the Ministry, such as LEAN, the Commission on Accreditation for Law Enforcement Agencies (CALEA) and the Project Management Body of Knowledge (PMBOK). When fully developed, the QMP will create a more effective, efficient and accountable environment that will contribute to the success of the strategic goals of the Ministry. A phased approach has been adopted for implementation of the QMP.
    - The Ministry accomplished its first phase at the end of December 2009. The phase 1 project charter included establishing the governance structure of QMP, a risk assessment to identify and mitigate risks that could have an impact on meeting the goals of the QMP, conversion to the Administrative Records Management System/Operational Records System (ARMS/ORS) within specified branches, as well as completing a gap analyses within six branches and programs to compare the Ministry's processes with the quality management standards of ISO 9001:2008.
    - The phase 2 project charter was signed off by Ministry Executive in January 2010 and includes the following deliverables: the continuation of the conversion to ARMS/ORS in individual branches and further gap analyses of processes to quality standards for selected internal branches and programs. The phase 2 charter also includes a one year timeframe to close the gaps identified in the gap analysis projects completed in the phase 1 charter.
- All of the fuel tax collected by the Province is dedicated to highways, roads and transportation infrastructure (2007 Mandate Letter). The 2009-10 expenditures dedicated to highways, roads and transportation infrastructure was equivalent to 36 per cent greater than the fuel tax revenues collected.
- With respect to the Accountability Framework, the Ministry continues to meet Executive Council, the Ministry of Finance and Provincial Auditor's requests in a timely manner. The Corporate Support Branch has also implemented Risk Management at both an Enterprise and Project level in order to increase efficiency through early recognition of and planning for potential problems or opportunities.

2009-10 Financial Overview

In 2009-10, the Ministry received its largest budget allocation to date, $347.6 million for Vote 16 and $282.3 million for Vote 17 for a total of $629.9 million.

In Vote 17, the Ministry can carry funding for projects not completed over to the next fiscal year. The Ministry's budget to actual expenditure variance is considered "work in progress" as these funds are required for project completion. The Ministry began 2009-10 with $282.3 million in new funding and had $87.5 million of work in progress from previous years. Work in progress is a result of having a multi-year capital plan for major projects. This benefits the Ministry by allowing contractors to plan well in advance and secure workers and equipment which leads to better pricing from the industry and results in a confident industry environment that leads to capacity growth.

Expenditures

Program	2008-09 Actual ($000s)	2009-10 Budget ($000s)	2009-10 Actual ($000s)	Variance 2009-10 Budget to Actual ($000s)	Variance Explanation
Vote 16:					
Central Management and Services	**19,849**	**21,652**	**20,700**	**(952)**	
Minister's Salary (Statutory)	43	44	44	0	
Executive Management	909	1,015	951	(64)	1
Central Services	4,789	5,412	5,297	(115)	1
Accommodation Services	14,108	15,181	14,408	(773)	2
Preservation of Transportation System	**140,184**	**155,400**	**150,653**	**(4,747)**	
Surface Preservation	129,887	144,074	139,992	(4,082)	3
Regional Services	10,297	11,326	10,661	(665)	1
Strategic Municipal Infrastructure	**139,212**	**65,978**	**62,412**	**(3,566)**	
Municipal Road Initiative		20,000	20,040	40	
Municipal Roads Strategy		17,250	15,000	(2,250)	4
Municipal Bridges		3,100	11,710	8,610	5
Municipal Resource Roads	4,989	0	0	0	
First Nations Roads Pilot Projects	4,160	5,000	4,535	(465)	6
Strategic Partnership Program – Road Management	2,251	5,225	2,908	(2,317)	7
Urban Connectors	117,687	14,753	7,571	(7,182)	8
Shortline Railway Sustainability Program		500	498	(2)	
Traffic Counting		150	150	0	
Strategic Municipal Infrastructure	10,000	0	0	0	
Canada-Saskatchewan Infrastructure Program (CSIP)	125	0	0	0	

Program	2008-09 Actual ($000s)	2009-10 Budget ($000s)	2009-10 Actual ($000s)	Variance 2009-10 Budget to Actual ($000s)	Variance Explanation
Operation of Transportation System	**96,821**	**91,099**	**91,777**	**678**	
Winter Maintenance	30,831	25,396	26,798	1,402	9
Road Safety and Traffic Guidance	24,316	26,166	26,585	419	10
Operational Services	24,273	22,365	21,750	(615)	11
Transport Compliance	5,806	5,889	5,142	(747)	1
Ferry Services	4,091	3,694	3,755	61	
Airports	2,606	2,526	2,317	(209)	12
Information Technology Services	4,898	5,063	5,430	367	13
Transportation Policy	**3,852**	**3,993**	**4,684**	**691**	14
Machinery and Equipment (Capital)	**8,834**	**9,500**	**9,838**	**338**	15
16 – Subtotal (Appropriation)	**408,752**	**347,622**	**340,064**	**(7,558)**	
Capital Asset Acquisitions	(16,752)	(13,772)	(14,051)	(279)	15
Capital Asset Amortization	90,400	103,140	92,267	(10,873)	16
16 – Total Ministry Expense	**482,400**	**436,990**	**418,280**	**(18,710)**	
Custom Work Net Recovery	**(209)**	**0**	**(2)**	**(2)**	
16 – Total Custom Work Net Recovery	**(209)**	**0**	**(2)**	**(2)**	
Vote 17:					
Infrastructure Rehabilitation – includes 2008-09 carryover**	**84,963**	**109,450**	**80,828**	**(28,622)**	17
Infrastructure Enhancements – includes 2008-09 carryover**	**130,033**	**257,476**	**178,873**	**(78,603)**	17
2009-10 Budget Reduction (Infrastructure Rehabilitation)*		**(2,889)**			
17 – Total Ministry Capital Appropriation**	**214,996**	**366,926**	**259,701**	**(107,225)**	
Total (Appropriation)	**623,748**	**714,548**	**599,765**	**(114,783)**	

* The Ministry had a budget reduction in Infrastructure Rehabilitation of $2.889 million for the St. Louis Bridge project and Safety Improvement projects.

** Includes 2008-09 Vote 17 work in progress funding of $87.511 million.

Explanations of Major Variances:

1. Decrease largely due to vacancy management, out of province travel and other savings.
2. Decrease in operating costs on Ministry occupied space and capital construction projects not completed at March 31, 2010.
3. Decrease is due to planned maintenance work not completed due to poor weather.
4. Decrease in Municipal Roads Strategy projects due to prioritization of projects in the MREP by the Program Management Board.
5. Increase in Municipal Bridges due to prioritization of projects in the MREP by the Program Management Board.
6. Decrease is due to project work not completed due to poor weather.
7. Decrease is due to various projects that were not undertaken and deferred to 2010-11 and projects that were not completed due to weather.
8. Decrease in Urban Connector expense, mainly due to various projects that were not undertaken and deferred to 2010-11 and projects that were not completed due to weather.
9. Winter maintenance costs were higher than budgeted.
10. Increase in mowing costs due to increased service levels delivered.
11. Reduced costs were due to vacancy management and a number of planning studies that were not completed by March 31, 2010.
12. Decrease is due to less Winter Maintenance costs incurred at Northern Airports and other program savings.
13. Increase is due to additional information technology projects undertaken in 2009-10.
14. Increase is due to transfer payment to the Global Transportation Hub Authority.
15. Increase of additional capital equipment purchases made in 2009-10.
16. Reduction in amortization is due to the year-end change in aggregate inventory valuation expense adjustment and lower amortization on infrastructure assets due to an increase in work in progress and the completion of capital projects.
17. Variance is due to work in progress on various capital rehabilitation projects and enhancement projects. The projects are planned to be completed in 2010-11.

2009-10 Revenues

The Ministry collects revenue relating to sale of crown lands or material on behalf of the Government. The Ministry also collects revenue from the federal government to reimburse the Province for infrastructure improvements completed under the federal-provincial cost shared infrastructure programs. All revenue collected is deposited in the General Revenue Fund. Below is a summary of the Ministry's 2009-10 budgeted revenue compared to actual revenue.

Revenues	2009-10 Budget ($000s)	2009-10 Actual ($000s)	Variance ($000s)	Variance Explanation
Sales, Services and Service Fees	**1,524**	**2,585**	**1,061**	**1**
Transfers from Federal Government	**37,046**	**114,775**	**77,729**	**8**
Fed-Prov Cost Sharing Programs	46	155	109	2
Infrastructure Stimulus Fund (ISF)	0	26,279	26,279	3
Provincial-Territorial Base Fund (P/T Base)	25,000	75,000	50,000	4
Building Canada Fund – Major Infrastructure	4,000	10,829	6,829	5
Gateways and Borders Crossing Fund	8,000	2,512	(5,488)	6
Transfers from Government Entities	**300**	**1,396**	**1,096**	**7**
Total	**38,870**	**118,756**	**79,886**	

Explanations of Major Variances:

1. Increase is due to an increase in land sales, material sales and other miscellaneous revenues.
2. Integration Intelligent Transportation System was completed in 2009-10.
3. Infrastructure Stimulus Fund agreement was executed in 2009-10 and expires on March 31, 2011. Revenue reflects work completed on cost sharing projects.
4. Provincial-Territorial Base Funding Agreement, under the Building Canada Plan was not executed until 2009-10. Budget revenue was for 2009-10 and actual funds received were retroactive to 2007-08.
5. Major Infrastructure: some projects were completed earlier than anticipated. Higher cost share revenue reflects the actual project costs incurred to March 31, 2010.
6. Gateways and Borders: some project completion was delayed to 2010-11. Lower cost share revenue reflects the actual project costs incurred to March 31, 2010.
7. Capital projects funded by the Transportation Partnerships Fund were higher than expected.
8. Transfers from federal government include $27.7 million received to reflect Municipal Affairs administered projects ($25 million in P/T Base and $2.7 million in ISF). This revenue was reported with the Ministry of Highways and Infrastructure since the agreement was signed by the Minister of Highways and Infrastructure.

2009-10 Full Time Equivalent Employees (FTE)

FTEs	
Budget	1,672
Actual Utilization	1,574
Variance	**(98)**

Explanations of FTE Variance:

As part of the 2009-10 Fiscal Restraint Exercise the Ministry used vacancy management and other initiatives resulting in 75 FTE's not utilized. Transport Compliance Officer positions were lower than expected due to candidates not meeting qualifications for Traffic Officer positions. There was a reduction in planned overtime due to inclement weather over the construction and maintenance season.

Transportation Partnerships Fund

The Ministry is responsible for managing the Transportation Partnerships Fund (TPF).

The Ministry's Transportation Partnership Program (TPP) generated $2.1 million in revenue for the TPF.

The TPF invested $2.2 million on transportation system improvements in 2009-10 and the TPF balance was $7.3 million on March 31, 2010.

For More Information

If you have any questions or comments, we invite you to call (306) 787-4804, or contact:

Communications Branch
1200-1855 Victoria Avenue
Regina, Saskatchewan S4P 3T2

Or send us an e-mail through the Saskatchewan Ministry of Highways and Infrastructure website:

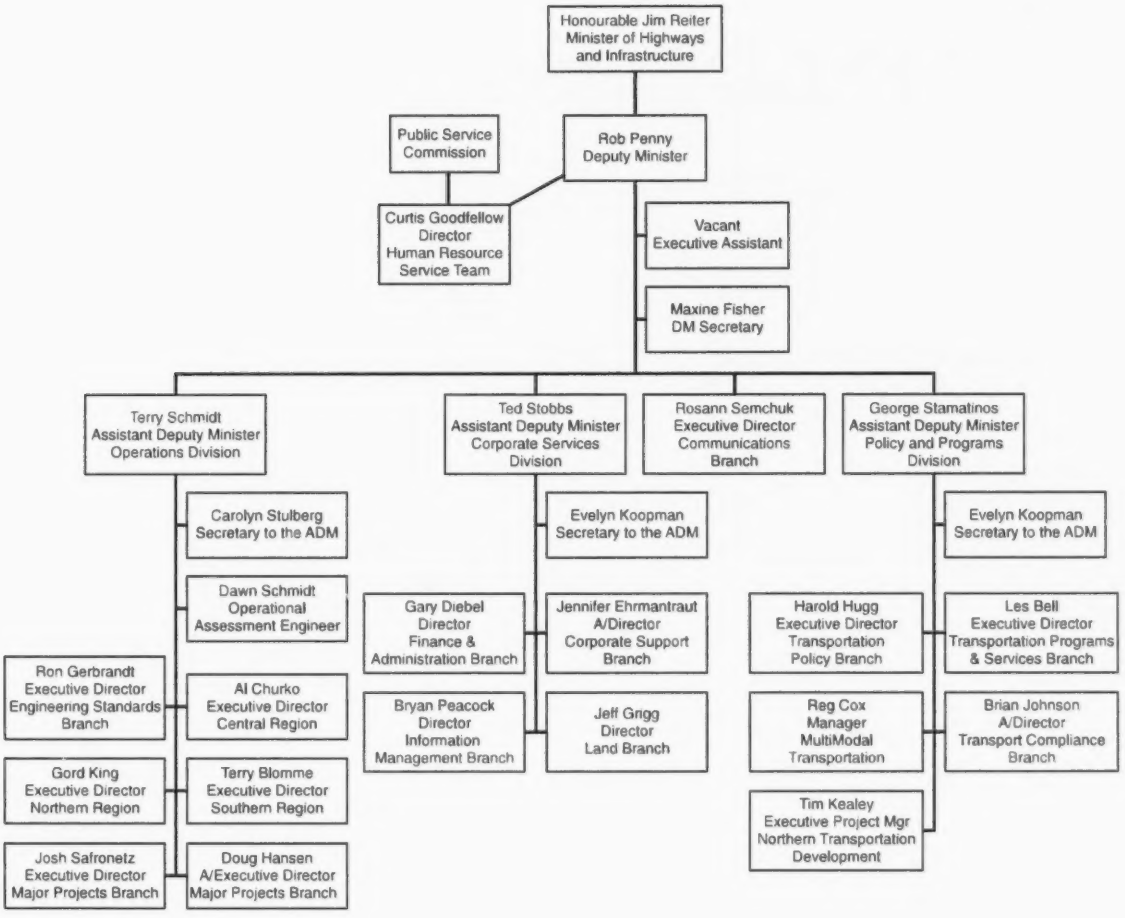
http://www.highways.gov.sk.ca

Visit our website to find out about:

- Road Conditions and Travellers Information
- Construction Projects
- Updated Tender Schedule

Appendices

Appendix A – Organization Chart (as of March 31, 2010)



Appendix B – Loan Disclosure

The Ministry administers the Shortline Railway Financial Assistance Program. Under this program, the Province can provide municipalities or local community groups that want to preserve rail service in their area with an interest free loan for the capital acquisition of rail infrastructure which is being abandoned. The potential shortline operator must have a business plan which demonstrates that the shortline railway is feasible. The loan is repayable over 15 years, with a discretionary three-year grace period.

To date, six loans have been made through this program. In 1999-00, a shortline railway company applied for a $177,000 provincial loan and a $177,000 Canada Agriculture Infrastructure Program (CAIP) grant. Both were approved and agreements finalized.

In 2004-05, a producer-owned company received a loan in the amount of $1.76 million for the purchase of a rail network in the southwest area of the province. This loan was issued under the new regulations and funds were provided from the Transportation Partnerships Fund (TPF) and General Revenue Fund (GRF) on a 50/50 split.

In 2005-06, several local governments in southern Saskatchewan negotiated the purchase of a branch line. The local governments were granted a loan in the amount of $240,000, with funding split between the TPF and the GRF.

In 2007-08, local governments in north-eastern Saskatchewan purchased a branch line and were granted a loan in the amount of $256,000, with funding split equally between the TPF and GRF.

In 2008-09, local investors purchased a branch line in south-western Saskatchewan and were granted a loan in the amount of $1,907,200, with funding split equally between the TPF and the GRF.

In 2009-10, local investors purchased a branch line in south-central Saskatchewan and were granted a loan in the amount of $1,622,400, with funding split equally between the TPF and the GRF.

This loan program supports the Ministry's objective to invest in multi-modal infrastructure such as regional airports and shortline rail. A shortline railway reduces truck traffic since agricultural products are hauled long distances by rail, rather than by large trucks on the provincial highway system. Reducing the amount of heavy truck traffic helps the Ministry sustain the condition of rural TMS highways.

Short Line Railway Loans	2009-10 Budget ($000s)	2009-10 Actual ($000s)	Variance ($000s)
Beginning Balance	1,492	2,030	538
Additions	1,052	811	(241)
Reductions	101	101	–
Ending Balance	**2,443**	**2,740**	**297**

Explanations of Major Variances:

The variance in actual additions to the budgeted amount of loans is a result of an anticipated application being delayed until 2010-11 from 2009-10 and a different loan being advanced in 2009-10.

Appendix C – Legislation

The Minister of Highways and Infrastructure is responsible for the following Acts and Regulations:

The Highways and Transportation Act, 1997

- The Wollaston Lake Barge Operation Regulations
- The Controlled Access Highways Regulations
- The Erection of Signs Adjacent to Provincial Highways Regulations, 1986
- The Provincial Highways Designation Regulations, 1990
- The Highways and Transportation Act Regulations (Autowreckers Licensing)
- The Vehicle Weight and Dimension Regulations, 1999
- The Security of Loads and Trip Inspection Regulations

The Dangerous Goods Transportation Act

- The Dangerous Goods Transportation Regulations

The Engineering and Geoscience Professions Act

The Railway Act

- The Final Offer Arbitration (Railway) Regulations

The Sand and Gravel Act

The Saskatchewan Grain Car Corporation Act

The Government Organization Act **(not responsible for Act, three sets of Regulations)**

- The Shortline Railway Financial Assistance Regulations
- The Department of Highways and Transportation Regulations
- The Railway Line (Shortline) Financial Assistance Regulations (Enacted in June 2004)